

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jacky Morales-Ferrand
Julia H. Cooper

SUBJECT: SEE BELOW

DATE: March 17, 2015

Approved

D. D. SyL

Date

3/17/15

INFORMATION

SUBJECT: REPORT ON ACTIVITIES UNDERTAKEN BY THE DIRECTOR OF HOUSING AND THE DIRECTOR OF FINANCE UNDER THE DELEGATION OF AUTHORITY ORDINANCE FOR THE PERIOD OF OCTOBER 1, 2014 THROUGH DECEMBER 31, 2014

EXECUTIVE SUMMARY

This memorandum details actions taken under the delegation of authority to the Director of Housing and the Director of Finance for the second quarter of FY 2014-15 (October 1, 2014 through December 31, 2014). During this reporting period, the Director of Housing approved the following actions: loan conversions to grants for one (1) mobilehome and two (2) single family homes; one (1) miscellaneous action pertaining to a multifamily project; and two (2) special needs rehabilitation projects. These transactions are listed in Attachment A.

In addition, the Director of Housing approved: five (5) new rehabilitation loans totaling \$265,000. The Director of Housing did not approve any Homebuyer Loans or Housing Trust Fund Grants during this quarter. The Director of Finance did not hold any TEFRA hearings during this period. This activity is summarized in Attachment B.

BACKGROUND

On September 4, 1990, the City Council adopted Ordinance No. 23589, which delegated to the Director of Housing certain specified authorities in the administration of the City's comprehensive affordable housing program (the "Delegation of Authority" or "DOA"). On May 23, 2000, the DOA was amended by Ordinance No. 26127 to clarify certain sections and to add several other provisions. On June 25, 2002, the DOA was further amended by Ordinance No. 26657 to add several provisions delegating additional authority to the Director of Housing, the Director of Finance, and the City Manager. Subsequently, the City Manager delegated to the Director of Housing the contract authority granted to the City Manager. Effective July 26, 2007, the DOA was further amended by Ordinance No. 28067 to modify certain provisions in order to streamline the Housing Department's process of making and adjusting loans and grants.

March 17, 2015

Subject: Report on Activities Undertaken by the Director of Housing and the Director of Finance

Page 2

The DOA is codified in Chapter 5.06 of the Municipal Code. This Memorandum reports on activities undertaken pursuant to the Administration's delegated authority for the period of October 1, 2014 through December 31, 2014.

ANALYSIS

The DOA authorizes the Director of Housing: to develop and implement additional guidelines for housing programs; to adjust terms on housing loans and grants; to change the funding sources of a loan; to convert loans to grants; to loan or to grant Housing and Homeless funds, Predevelopment funds, and Housing Rehabilitation Program funds; to negotiate and to execute grant agreements necessary to implement Council-approved programs adopted in the Annual Action Plan of the Consolidated Plan; to provide management for, and/or dispose of, properties acquired through direct purchase, foreclosure or deed-in-lieu proceedings; to formalize the City Council's policies and procedures regarding housing loan defaults; to apply for federal or State funding; to determine, within defined parameters, various terms and conditions of loans and grants previously approved by the City Council; to make adjustments, within defined parameters, to loans and grants previously approved by the City Council; and to make other technical changes.

Further, the DOA delegates jointly to the Director of Housing and Director of Finance certain authority related to the City's issuance of tax-exempt, private activity bonds to finance the development of affordable housing projects. The DOA also delegates to the Director of Finance the authority to hold Tax Equity and Fiscal Responsibility Act (TEFRA) hearings on the City's proposed issuance of tax-exempt bonds to finance affordable housing projects.

Attached are charts that detail the actions taken under the DOA during the period of October 1, 2014 through December 31, 2014.

COORDINATION

Preparation of this report has been coordinated with the Office of the City Attorney.

/s/

JULIA H. COOPER
Director of Finance

/s/

JACKY MORALES-FERRAND
Interim Director of Housing

For more information, contact Jacky Morales-Ferrand, Interim Director of Housing, at (408) 535-3855.

Attachments A & B

ATTACHMENT A

ACTIONS TAKEN BY THE DIRECTOR OF HOUSING 2nd Quarter 2014 – 2015 (October - December 2014)

#	Date	Action	Muni Code Citation
1	10/14/14	<p>Approved the following for the conversion of a mobilehome repair loan to a grant for the principal amount of \$6,238, plus accrued interest of \$5,926.31 for the mobilehome located on Umbarger Road, for the following reasons:</p> <ul style="list-style-type: none"> ▪ The borrower improved her housing situation by purchasing a new mobilehome and has it placed onto her existing park space. ▪ The action reduces the administrative costs to the City due to the fact that, if the borrower decided to abandon the existing home, the City would be considered the legal owner and responsible for space rent payments and sale of the property. ▪ The home is 43 years old and has depreciated with no remaining useful or economical life. 	5.06.340
2	10/17/14	Approved the transfer of the Villa Hermosa Apartments (Project) to its Managing General Partners (MGP) and amended the City's Loan Documents. The transfer will allow the MGP, an affiliate of the Housing Authority of the County of Santa Clara (HACSC), to exercise its option to buy the Project from the current limited partnership.	5.06.340(a)9 5.06.340(a)12
3	11/5/14	Approved the specific business terms for an Exclusive Negotiation Agreement ("ENA") and a predevelopment loan in the amount of \$125,000 to Abode Services Inc. ("Abode") for pre-construction work required for the rehabilitation of the City-owned property located on Vermont Street. The proposed project includes rehabilitation and operation of a facility to provide transitional or permanent housing for homeless individuals at the Property.	5.06.335
4	11/14/14	Approved the conversion of a loan for the principal amount of \$60,154.50 to a grant. The borrowers made a loan in 1988 and are now deceased. The property is being sold by family members' and the title company contacted the City's Housing Department to request a reconveyance. This loan was originated prior to the existence of the Housing Department and the Department has no record of this loan.	5.06.340(a)8
5	11/24/14	Approved the specific business terms for a predevelopment loan in the amount of \$65,000 to Inn Vision Shelter Network (IVSN) for preconstruction work required for the rehabilitation of Building #3 at IVSN's Hester Property located on Hester Avenue (the Project). The Project was awarded funding from a NOFA to complete the rehabilitation of Building #3. In exchange for funding, the City will record a City restriction for one permanent supportive unit serving the homeless.	5.06.335
6	12/27/14	Approved the conversion of a loan for the amount of \$9,640 to a grant. The borrower made a loan in 1977 and is now deceased. The property is being sold and the title company contacted the City's Housing Department to request a reconveyance. For the loan, no documentation is available including the Promissory Note. Without the Promissory Note, the City is unable to legally collect on the loan. The conversion of the loan to a grant will allow the family members' of the deceased borrower to sell the home.	5.06.340(a)8

ATTACHMENT B

**ACTIONS TAKEN BY THE DIRECTOR OF HOUSING
2nd Quarter 2014 – 2015 (October-December)**

Single Family Rehabilitation and Improvement Loans and Grants approved by the Director of Housing

REHABILITATION LOANS AND GRANTS	NUMBER	AMOUNT
Rehabilitation Loans	5	\$265,000
Single Family Rehabilitation Grants	0	\$0
Mobilehome Rehabilitation Grants	0	\$0
TOTAL	5	\$265,000

Homebuyer Loans approved by the Director of Housing

There were no Homebuyer Loans during this quarter.

Housing Trust Fund Grants approved by the Director of Housing

There were no Housing Trust Fund Grants during this quarter.

TEFRA Hearings held by the Director of Finance

There were no TEFRA Hearings during this quarter.